

Retail Sector Council – 16 September 2020
Meeting Note

1. Attendees

Co-Chairs: Paul Scully, Co-Chair
Richard Pennycook, Co-Chair

Attendees: Helen Dickinson (British Retail Consortium)
Diane Savory (GFirst LEP),
Victoria Robertshaw (Keelham Farm Shop)
Andrew Goodacre (BIRA)
James Lowman (Association of Convenience Stores)
Doug Gurr (Amazon)
Paddy Lillis (USDAW)
Carl Creswell (BEIS)
Craig Watson (BEIS)
Ursula Lidbetter (Lincolnshire Co-op)
Dave McCarthy (HSBC)
Paul Marchant (Primark)
Peter Jelkeby (Ikea)
Nick Read (Post Office)

Guests: Mark Robinson (Ellandi and HSTF Chair), Simon Quin (Institute for Place Management and HSTF Executive Director)

Officials: Tom Ironside (BRC), Stephen Bethel (BRC)

Apologies: Roger Burnley (Asda)
Ian Filby (Joules)
Nick Beighton (Asos)
John Rogers (WPP)
Seb James (Boots)

2. Summary of actions

Action	Owner
Action: High Street Task Force to indicate the areas where companies can provide material support to its work.	Simon Quin, High Street Task Force
Action: High Street Task Force to maintain close coordination with the Sector Council and provide regular updates.	Diane Savory
Action: Sector Council to develop a submission to the second tranche of the Business Rates Call for Evidence covering the areas identified.	Richard Pennycook
Action: Submission to be circulated to the Council for approval in advance of the end of October deadline.	Richard Pennycook
Action: Sector Council members to indicate to Richard Pennycook if they would like to participate in the development of the submission.	Sector Council Members

Action: Participants are sought from Sector Council members and/or their companies to participate in the Ellen MacArthur Foundation workshop to develop a circular economy vision.	Sector Council Members
Action: ACS, BIRA and the High Street Task Force to support the work to identify and understand the circular economy barriers and knowledge gaps for SME retailers	ACS, BIRA and Diane Savory

3. Note of Discussion

a) Welcome, Introductions and Conclusions from Scoping Workshops

The Minister welcomed attendees to the meeting and provided an overview of the agenda. He noted the importance of the High Street Taskforce presentation and the aligned need for close coordination with the work underway in MHCLG. He particularly highlighted the importance of supply chain issues and ethical labour issues in parts of China. The latter topic will be expanded on in the next Ministerial retail call on 28 September.

Richard Pennycook noted and welcomed the breadth of the ongoing areas of engagement between the government and the industry. The focus for the Retail Sector Council over the course of the summer had been to hold workshops to ensure that key strands of activity remained relevant and concentrated in the most important areas. The discussions had been extremely valuable and had confirmed that the key workstrands would be of core strategic importance in the coming months. Three strands would be discussed in detail over the course of the meeting - High Streets and Place, Business Costs and Circular Economy/Net Zero.

b) Importance of place workstream update and High Streets Task Force presentation

Diane Savory introduced the workstream and presentation. She noted the longstanding focus of the High Street Task Force and the development of its remit since its creation. Simon Quin provided an outline of the current areas of focus and the impact of Covid 19 on the Task Force. The work of the Task Force had adapted to address the new reality, including through the provision of data and support to assist high streets to make effective responses to the rapidly developing pandemic. This has been widely used by high streets and partnerships from across the country. Development of collaborative and inclusive forward visions needs to be a key area of focus for these partnerships. However, there is still an absence of place leadership in many places and that is a focus for the Task Force. He also noted the disparities in performance between different types of centres and in different parts of the country. Looking to the future, he noted that retailers would remain important in many high streets but that they would form part of a broader mix of functions and services.

Mark Robinson gave details of the Task Force's wider role advising government on issues affecting high streets across the country. He noted that the Future High Street Fund and related interventions were welcome evidence of the Government's commitment. He also noted that the three key issues that impact high streets are the future of taxation of commercial property, approaches to business insolvency and the wider relationship between landlords and tenants.

In the discussion that followed the Sector Council expressed strong support for the work of the High Street Task Force and asked how their companies could become actively involved

in supporting its work. Simon Quin welcomed this support and agreed to provide more detail as to where such support would be most valuable.

Action: High Street Task Force to indicate the areas where companies can provide material support to its work.

The role of local authorities was highlighted and the aligned importance of building authorities' expertise and capacity in relation to their high streets. It was noted that this was a key area of focus for the Task Force and clear KPIs exist in that area. Allocation of government funding was identified as an important area for greater understanding. The need for even greater momentum of action on property taxes, insolvency support and building a sustainable way for businesses to operate in a much lower footfall environment is crucial. Effective management of de-densification was also identified as an important area for consideration in view of the aligned read across to tertiary areas and other areas of towns.

In closing it was noted that the Covid crisis provides a unique opportunity to set a new direction for the relationship between landlords, tenants and other local partners. It was agreed that the Sector Council and the High Streets Task Force should maintain close coordination in the months to come.

Action: High Streets Task Force to maintain close coordination with the Sector Council and provide regular updates.

c) Call for evidence on business rates

Richard Pennycook introduced the discussion paper on Business Rates and the two questions highlighted for input. The risk that the tax is not sustainable in the future had been accelerated by the advent of the Covid crisis. The resulting impact on the tax yield would be significant if reform is not successful. It was noted that the Call for Evidence is now well underway and the Government is well briefed on key findings from the Sector Council's earlier Business Costs report.

As the Sector Council considers the Call for Evidence, it should not look to duplicate the efforts of individual companies, the BRC or other trade bodies. Instead it is proposed that the Sector Council should consider the following two questions:

- 1) At a strategic level, should RSC prepare a response to section 6 "Exploring alternatives to business rates"?
- 2) Should we use the timeliness of the Call for Evidence as an opportunity to encourage HMT to use the current business rates holiday for retailers as the catalyst for the fundamental reform needed to the system?

There was support from Council members for the two proposed strands of activity identified. It was also noted that the system needed to change to promote positive investment rather than penalising such investment as at present. It is important that any new system addresses that reality. Council members also noted that a Capital Values Tax should be the subject of greater exploration as this approach is not well understood. Ensuring that changing market values are reflected as rapidly as possible is essential to ensure a sustainable future for retailers. It was also noted that retail shouldn't pay more as a result of any overall set of changes – retail bears a disproportionate amount of tax already and additional taxes will not be the answer.

Action: Sector Council to develop a submission to the second tranche of the Business Rates Call for Evidence covering the areas identified.

Action: Submission to be circulated to the Council for approval in advance of the end of October deadline.

Action: Sector Council members to indicate to Richard Pennycook if they would like to participate in the development of the submission.

d) Circular economy/net zero workstream update

Victoria Robertshaw introduced the workstream and provided an overview of aligned areas of activity, including the work being led by the BRC to develop a climate roadmap for the industry. She indicated that what had become clear in considering the activity already underway is that SME retailers would benefit from additional support and insight in this area. The objective would be to support practical and tangible interventions rather than simply focussing on theoretical and conceptual issues. Close engagement is underway with a range of retailers and other expert bodies to support the development of the proposed way forward.

The three recommendations for the workstrand are:

1. Create a vision for retail operating a circular economy model that smashes the net zero goals
2. Understand the barriers and knowledge gaps for SME retailers but also gain some insight into some innovators
3. Start nudging and closing the knowledge gap for SME retailers

Action: Participants are sought from Sector Council members and/or their companies to participate in the Ellen MacArthur Foundation workshop to develop a circular economy vision.

Action: ACS, BIRA and the High Street Task Force to support the work to identify and understand the circular economy barriers and knowledge gaps for SME retailers.

Helen Dickinson provided an overview of the work underway in the BRC as part of its Better World initiative. The work of the large companies in developing a Climate Roadmap will be of value to the wider efforts outlined here.

e) AOB

The Minister thanked the Sector Council members for their continued commitment and noted the next meeting would be on 3 December.

No issues were identified.

Dates for forthcoming meetings - 2020:

3 December 2020